Fraud Prevention Measures Enacted in 2023-2024

Extensive Grant Requirements

- Innovative, far-reaching, and comprehensive grant requirements now apply to non-profits and organizations receiving state grants of at least $50,000.
- The law establishes similar requirements for executive branch agencies, boards, committees, councils, authorities, and task forces making grants.
- Agencies can terminate a grant if the grantee is convicted of a crime related to the grant.
- Individuals and entities who've had certain convictions or have violated previous contracts can be suspended or prohibited from receiving grants.

Creation of the Office of Grants Management

- New office within the Department of Administration oversees grants awarded by state agencies and sets policies for managing grants to non-profits.
- The office has issued more than a dozen policies with strict requirements for non-profits before receiving state funding.

Pre-Award Risk Assessment

- New guardrails include a risk assessment requiring tax returns, current 990s, audit results, evidence of good standing with the Secretary of State, criminal history of principals, and a review of the organization's track record in carrying out similar responsibilities to those outlined in the grant.
- Agencies can delay or deny a grant, demand more information, or create a risk mitigation plan.

More Detailed Agreements Required

- Agencies must develop written agreements with grantees that specify a project timeline, the organization's duties, reporting requirements, and details about grant payments.
- These guidelines, timelines, and reporting info will help evaluate grantees' financial soundness, verify they are legally incorporated, and help ensure they can manage the grant.

Mandatory Monitoring

- Agencies must make at least one monitoring visit to the non-profit before final payment.
- State agencies must conduct a financial reconciliation of the grantee's expenditures before final payment.

Progress Reports

- All non-profits receiving grants of $25,000+ must submit progress reports to remain eligible for payments. Non-profits with past-due progress reports cannot receive grant payments.
- Agencies must report to the Department of Administration on the purpose for each grant along with a performance evaluation.

Investing in Oversight

- Lawmakers funded additional staff within Minnesota Management and Budget dedicated to oversight, along with a new Statewide Internal Audit Office.
- The Department of Administration has hired additional staff to provide grant oversight and is conducting a study to determine the necessary staffing and technology for effective statewide grants management.